Toxic profits: India's beedi Industry and the politics of poison

India's beedi industry, shielded by political patronage and regulatory loopholes, thrives despite severe health risks and tax evasion. While manufacturers amass fortunes, millions of underpaid workers suffer hazardous conditions. Calls for stricter taxation and reform remain stalled by entrenched industry influence.

A beedi delivers higher levels of nicotine, tar, and carbon monoxide per puff compared to cigarettes. (Photo: Getty)

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In Short

- Indian government has largely left the sector untouched
- Beedis benefit from tax exemptions for small-scale producers
- The industry's workforce remains trapped in cycle of low wages

Wrapped in a dried tendu leaf, bound by a thin string, the humble beedi is often called the "poor man's smoke". But behind its modest facade lies an industry worth billions, built on the backs of underpaid workers, shielded by political patronage, and thriving in regulatory grey zones. Despite accounting for nearly 72 million consumers and employing around 4.9 million workers, Bidi industry, unlike, cigarettes, slips through a lax tax net, allowing companies to amass fortunes while workers roll away in near-indentured servitude. This neglect, both regulatory and fiscal, has allowed beedis to remain an affordable yet hazardous alternative to cigarettes, disproportionately affecting the health of millions in lower-income groups. It is yet another grim reminder of India's failure to enforce effective tobacco control, where policy pronouncements and the implementation of existing ones crumble against the weight of industry influence.

A beedi delivers higher levels of nicotine, tar, and carbon monoxide per puff compared to cigarettes, primarily because smokers inhale deeper to compensate for the lack of filters. Research from the British Medical Journal has shown that beedi smoking significantly increases the risk of lung cancer, tuberculosis, and chronic obstructive pulmonary disease (COPD). Studies published in the British Medical Journal have linked beedi smoking to increased cases of miscarriages, stillbirths, and low birth weights among pregnant women exposed to second-hand smoke. In rural India, where access to healthcare is already limited, this results in thousands of preventable deaths.

Despite overwhelming evidence of beedi-related health hazards, the Indian government has largely left the sector untouched. While cigarette packaging is required to feature graphic health warnings covering 85 per cent of the surface, beedis are often sold in plain, nondescript packaging with minimal warnings allowing consumers—especially young smokers—to purchase them affordably and discreetly.

Unlike cigarettes, which are subject to high taxes, beedis benefit from tax exemptions for small-scale producers as beedis have long been classified as a 'cottage industry', —a loophole that is widely exploited. Tax evasion is rampant, with many large companies splintering their operations into smaller units to qualify for the exemptions. The financial incentives to maintain the industry's unregulated status are immense, ensuring that policy interventions remain sluggish or ineffective. A study published in Tobacco Control on December 16, 2020, titled Revisiting the Tax Treatment of Bidis in India, lays bare how the industry, long treated as a 'cottage sector,' has evaded significant taxation, fuelling both consumption and revenue loss.

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Exemptions for small-scale bidi producers have led to a shadow economy where 31 per cent of all bidis—approximately 125 billion sticks annually—escape taxation. A study published online on July 31, 2024, in Data in Brief, presents staggering figures that expose the true magnitude of the bidi trade—up to 1.19 trillion sticks per year. The findings highlight the elephant in the room—India's bidi industry is far larger than officially acknowledged, with millions of sticks circulating beyond regulatory oversight.

The 2020 study puts an economic cost to this oversight—a staggering Rs 805.5 billion annually in tobacco-related health expenses, disproportionately affecting India's poorest, who are both the primary consumers and the least equipped to bear medical costs. A 2023 study found that eliminating small producer exemptions and taxing all beedis at the standard rate would increase prices by Rs 4.6 per pack, reducing consumption by 6 per cent and leading to 2.2 million fewer smokers. The additional tax revenue generated would amount to Rs 14.8 billion.

More aggressively, raising the duty on bidis to Rs 450 per 1,000 sticks—aligning it with global tobacco taxation standards—could double bidi prices, slash consumption by 46 per cent (a reduction of 184 billion sticks per year), and cut the number of bidi smokers by 16.5 million adults. More crucially, it would generate Rs 116 billion in tax revenues, which could be reinvested into public health. Yet, successive governments have hesitated to make such policy changes aided by the argument that the industry provides employment to millions, particularly women in rural India.

This is because beyond beedi industry's economic footprint lies a more insidious reality: its political clout is unmatched, allowing it to remain largely untouched by tobacco control policies that have cracked down on cigarettes and other tobacco products. For decades, beedi manufacturers—many of whom are either politicians themselves or deeply embedded in political networks—have wielded influence in

inertia, keeping the industry thriving despite its documented public health hazards.

Consider Khalilur Rahaman, a prominent beedi manufacturer from Murshidabad, West Bengal, who currently serves as a Member of Parliament from the Trinamool Congress (TMC). His company, Nur Bidi Works Pvt Ltd, produces around 10 million beedis per day, making him one of the industry's largest players. Rahaman is far from an anomaly. Across the political spectrum, beedi manufacturers have found a place in legislative halls, where they influence tobacco policies to favour their businesses.

Beedis are often sold in plain, nondescript packaging with minimal warnings. (Photo: Getty)

Take Shyam Charan Gupta, a former Bharatiya Janata Party (BJP) MP and the owner of Shyam Beedi. His company, with an annual turnover of Rs 200–225 crore, employs over 10,000 workers. Gupta, during his tenure as a member of the parliamentary panel on subordinate legislation, famously claimed there was no direct medical evidence linking beedi smoking to cancer—a statement that was widely criticized but also emblematic of the industry's deep influence over policy discussions. Other industry-linked politicians include Jakir Hossain and Bayron Biswas, who have leveraged their business backgrounds for electoral gains.

The beedi industry's political muscle is most visible in its ability to place industry stakeholders on regulatory bodies meant to oversee tobacco control. Despite the World Health Organization's (WHO) Framework Convention on Tobacco Control (FCTC) urging governments to prevent conflicts of interest in policymaking, Indian parliamentary committees routinely feature lawmakers who have a direct financial stake in the industry. As a result, policies targeting beedis remain weak, if not non-existent.

That also explains why despite its artisanal facade, the leading beedi companies operate at a scale rivalling major tobacco conglomerates.

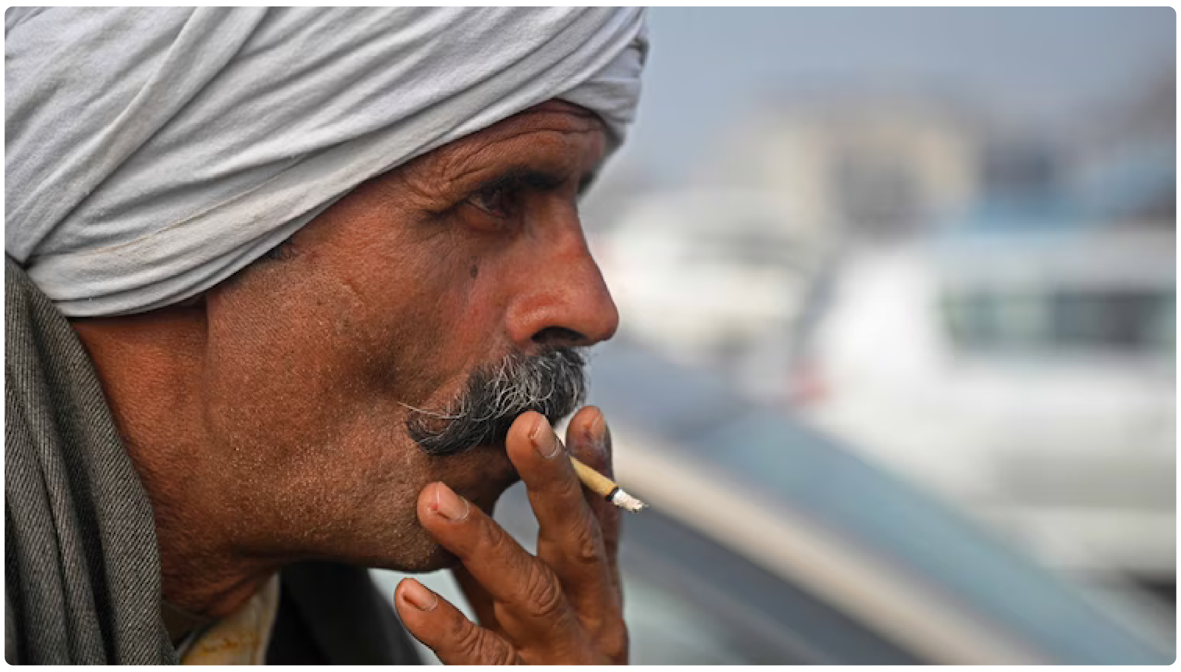
Pataka Beedis, for instance, has an estimated turnover of Rs 1,400 crore in 2023, with its owners having long-standing political affiliations. The company, which produces over 110 million beedis daily, enjoys favourable financial ratings. Similarly, the South India-based Seyadu Beedi Company has managed to maintain stable ratings from Care Ratings, highlighting the economic resilience of these businesses despite policy discussions on stricter controls.

But the real money isn't just in production—it's in what remains off the books. A staggering gap exists between reported sales and the actual volume of beedis traded in the market. Much like gutkha and zarda, beedis move through an informal, largely unregulated supply chain where under-invoicing and tax evasion are rampant. Occasional crackdowns expose the scale of tax evasion in the beedi sector. In January 2023, the Income Tax Department raided the office of TMC MLA Jakir Hossain, a prominent beedi baron in West Bengal, seizing Rs 10.9 crore in unaccounted cash. The defence? "This is worker payment money." Such

Other raids have yielded similar findings. In 2016, a tax probe into a Madhya Pradesh-based beedi conglomerate unearthed a vast network of shell companies used to launder money and underreport profits. Yet, these enforcement actions are rare and, more often than not, fail to bring systemic change.

While beedi barons and politicians prosper, the industry's workforce remains trapped in a cycle of low wages and poor working conditions. The irony is stark: the industry justifies its existence by highlighting the livelihoods it provides, yet those very livelihoods are precarious, poorly paid, and devoid of any security. Behind every beedi lies the labour of an underpaid, overworked, and largely unrecognized workforce—predominantly women from marginalized communities. The industry thrives on home-based labour, where workers roll beedis in poorly ventilated rooms, often for as little as Rs 100 for rolling 700 beedis a day. Given the tedious nature of the work, most workers barely manage 700–800 beedis a day, translating to earnings of Rs 100 per day.

A 2018 study in Business Studies provides a microcosmic view of this systemic exploitation through an examination of the beedi industry in Murshidabad, West Bengal. Murshidabad, home to major beedi factories like Jahangir Beedi Factory and Shiv Beedi Manufacturing, epitomizes an industry where poverty meets nicotine. With 92.6 per cent of the workforce being women, families remain trapped in a generational cycle of rolling bidis for survival.



Much like gutkha and zarda, beedis move through an informal, largely unregulated supply chain. (Photo: Getty)

The study finds that most workers earn between Rs 2,001–3,000 per month, barely enough to sustain themselves, while contractors, who act as intermediaries between workers and large manufacturers, exploit them by under-supplying raw materials arbitrarily rejecting a portion of the beedis, further cutting down earnings. The rejected beedis, ironically, are often resold in black markets by these same middlemen. The monsoon season makes things worse. Workers struggle to dry the rolled beedis, leading to increased rejection rates by contractors. The workers, largely illiterate and economically desperate, have little recourse.

A 2020 study published in Frontiers in Public Health further exposes the structural flaws of the bidi industry, revealing how it thrives on cheap labour, gender wage gaps, and exploitative employment practices while continuing to enjoy tax benefits. Using data from the National Sample Survey Office (NSSO) and the Central Statistics Office (CSO), researchers found that despite being one of the largest employers in India's tobacco industry, the bidi sector's economic contribution remains minuscule—just 0.65 per cent of total gross value added (GVA) in manufacturing.

The impact of the GST on the beedi industry has further complicated matters for workers. The implementation of a 28 per cent GST on beedis has led to increased production costs, resulting in a reduction in worker wages. This situation has sparked calls for government intervention, including a reduction in the GST rate

Beedi rolling is not just poorly paid—it is hazardous. The beedi industry is heavily dependent on women and children, who work long hours rolling beedis in poorly ventilated spaces. Beedi rolling is a labour-intensive process that requires workers to sit in a hunched position for 10–12 hours a day, manually rolling leaves filled with tobacco dust. This long-term repetitive work leads to severe health issues such as chronic backaches, poor eyesight, muscle pain and skin infections.

According to a 2020 study by AF Development Care (AFDC), 92.5 per cent of female beedi workers suffer from bronchitis, 77 per cent experience breathing difficulties, and 75 per cent report lower back pain. A 2023 study published in BMJ Global Health sheds light on the often-overlooked occupational health hazards of bidi workers and their families. It highlights the dire working conditions—99.3 per cent of bidi workers operate from home, exposing their entire families to tobacco toxins. Shockingly, many remain unaware of basic safety measures like wearing gloves or masks, and the lack of ventilation exacerbates their chronic exposure.

The BMJ research also found women rolling beedis are more likely to experience miscarriages, stillbirths, and neonatal deaths. Children of beedi workers often have lower birth weights and higher rates of malnutrition. The National Family Health Survey (NFHS-5) reports that in Murshidabad, 77.6 per cent of women in the 15–49 age bracket suffer from anaemia—a condition linked directly to prolonged exposure to tobacco dust and poor nutrition.

Despite the existence of the Beedi Workers Welfare Fund Act, 1976, most workers see little to no benefits. Beedi 'cards,' which are meant to provide social security benefits like medical aid and scholarships for workers' children, are difficult to obtain. Even when workers have these cards, the benefits often fail to reach them due to bureaucratic red tape and corruption. Many workers complain that their applications are rejected arbitrarily or that contractors siphon off benefits. In fact, these cards often serve as another instrument of control, with contractors arbitrarily withholding them.

Given the precarious conditions of beedi workers, experts advocate for a phased exit from the industry. Trade unions and NGOs emphasize the need for government investment in alternative employment opportunities, particularly for women, who make up the majority of beedi rollers. Skill development programs in tailoring, handicrafts, and small-scale enterprises could provide viable and sustainable livelihoods.

On July 29, 2024, Shobha Karandlaje, Union Minister of State for Labour and Employment, informed Parliament that the Central government is actively developing strategies to provide alternative employment for beedi workers. The

Development and Entrepreneurship, has been conducting vocational training under the Pradhan Mantri Kaushal Vikas Yojana (PMKVY). Between April 2017 and March 2020, 7,262 beedi workers were trained, with 2,746 successfully placed in alternative jobs. However, when compared to India's total registered beedi workforce of 49.82 lakh (4.98 million), these numbers highlight the vast gap in transitioning workers out of the sector.

Beyond skill development, the government also provides financial assistance for the education of beedi workers' children, with aid ranging from Rs 1,000 to Rs 25,000 per student per year, depending on their level of education. In 2023-24, 96,051 children of beedi, cine, and non-coal mine workers received a total of Rs 30.68 crore in financial support. Additionally, the government is expanding access to social security schemes for unorganized workers, including beedi workers, through the e-Shram Portal.

Curbing the unchecked expansion of the beedi industry demands a comprehensive policy response. A multi-faceted strategy is essential. Eliminating tax exemptions for small-scale beedi manufacturers would not only discourage production and consumption but also generate additional government revenue.

health hazards. Additionally, banning the sale of loose beedis—similar to cigarettes—would further dissuade young and occasional smokers.

The government must align its policies with the WHO's Framework Convention on Tobacco Control (FCTC), particularly Articles 17 and 18, which emphasize protecting tobacco workers and promoting alternative livelihoods. Beedi rolling should be designated as a hazardous occupation under India's Occupational Safety, Health, and Working Conditions Code (OSH Code) 2020. Transitioning beedi production from home-based work to factory settings would facilitate the enforcement of labour laws and improve working conditions.

Stronger labour protections are crucial, including guaranteed minimum wages, social security benefits, and healthcare coverage. Large-scale alternative livelihood initiatives must be introduced to support workers transitioning out of the tobacco industry. Governments must also invest more in skill development programs—especially for women beedi rollers—ensuring they have access to sustainable employment opportunities beyond tobacco.

India's beedi industry has long thrived on government protection, political patronage, and regulatory loopholes, exploiting millions of workers while evading strict tobacco control measures. Despite growing awareness of its devastating health impact, reforms remain sluggish due to entrenched industry lobbies and the guise of employment generation. Calls for stricter taxation and oversight have gained traction, but without decisive political will to break the nexus between beedi manufacturers and policymakers, millions will remain trapped in poverty, rolling beedis for a pittance as the industry flourishes unchecked. The question remains: Will India finally act, or will the beedi trade continue to smoulder in the shadows of regulatory failure?

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